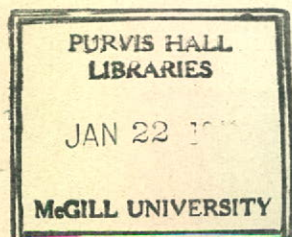


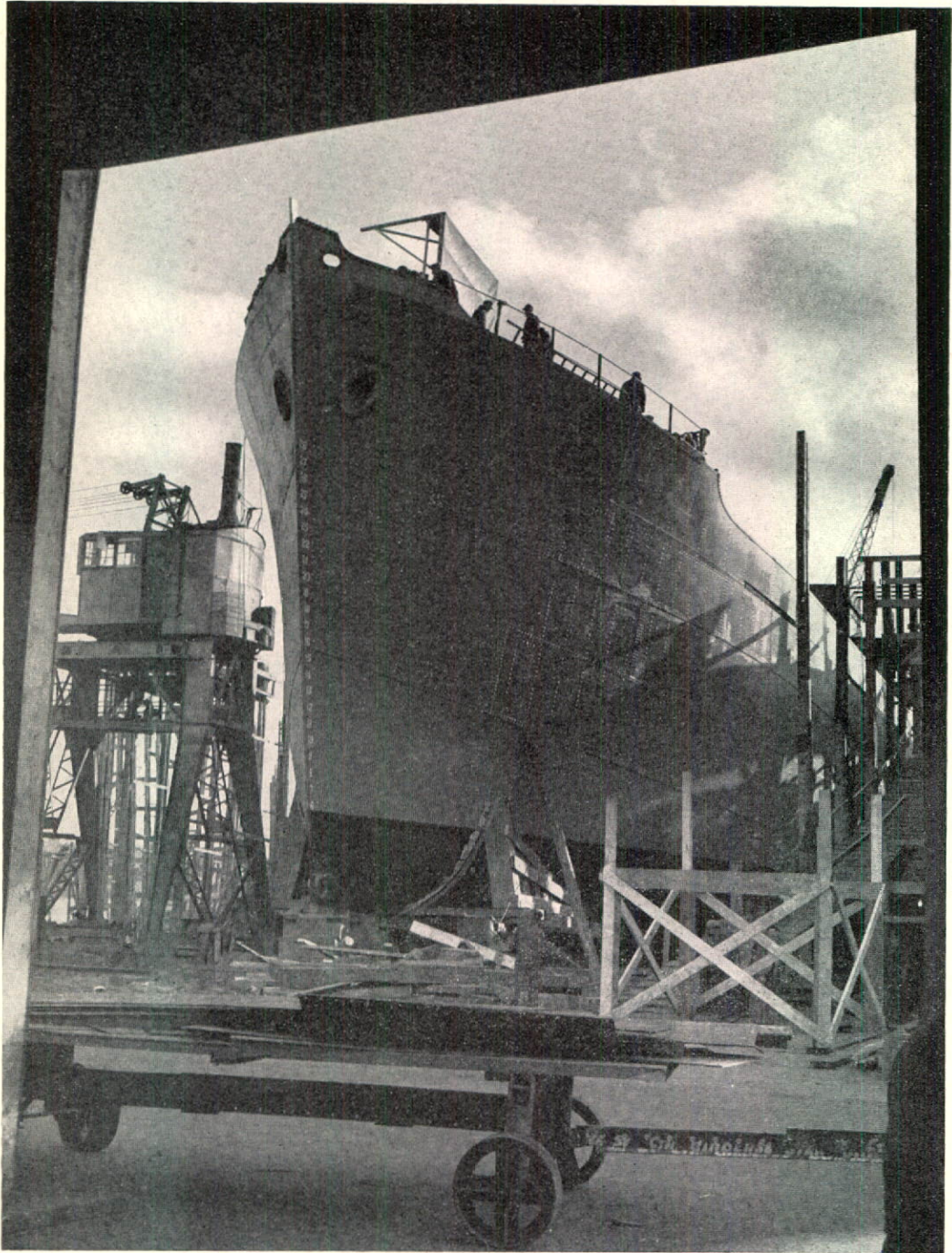
Annual Report
OF
THE FOUNDATION COMPANY
OF CANADA
LIMITED

AND WHOLLY OWNED CANADIAN SUBSIDIARY COMPANIES

FOR THE YEAR ENDING
DECEMBER 31, 1943

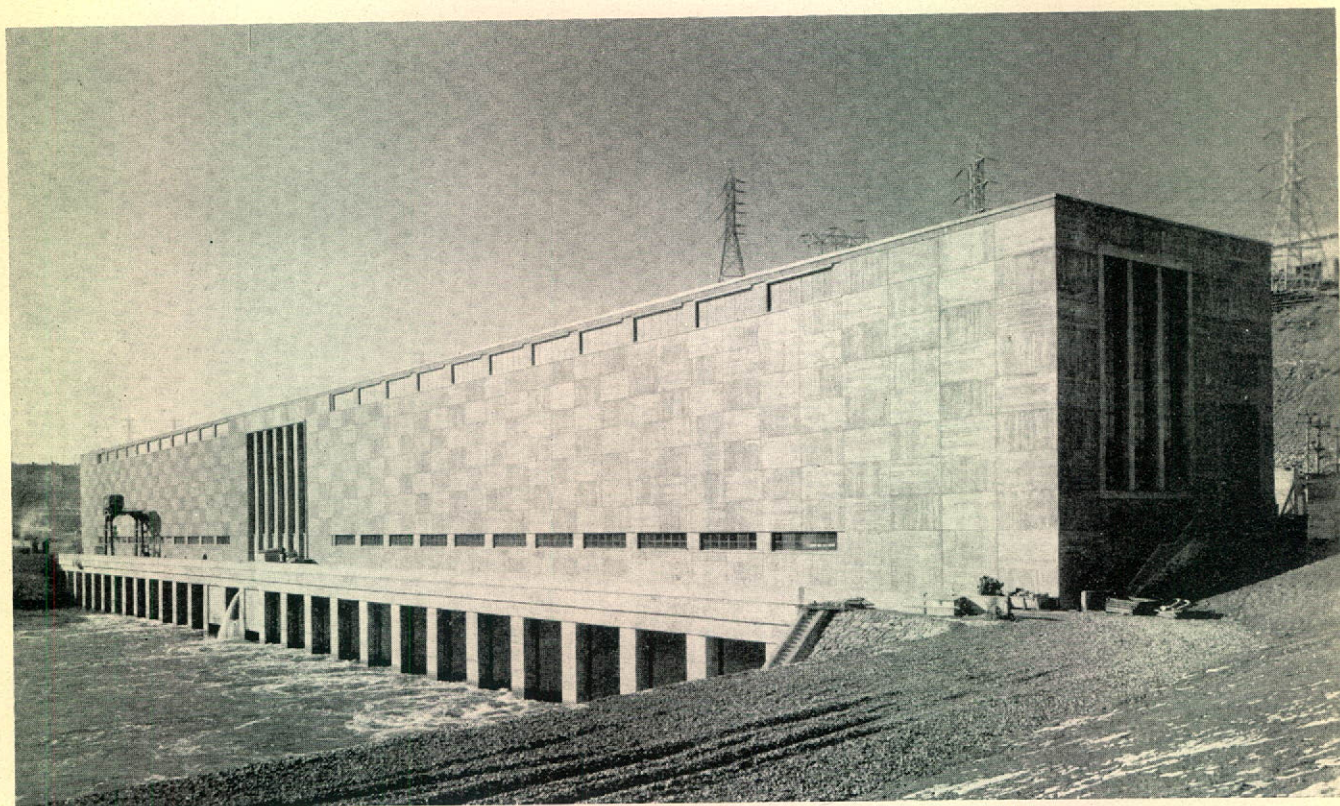


THE FOUNDATION COMPANY OF CANADA LIMITED



DAWN BEFORE LAUNCHING.—PICTOU SHIPYARD

THE FOUNDATION COMPANY OF CANADA LIMITED



*Aluminium Laboratories Limited
H. G. Acres and Company, Engineers
J. C. Meadowcroft, M.R.A.I.C., Architect*

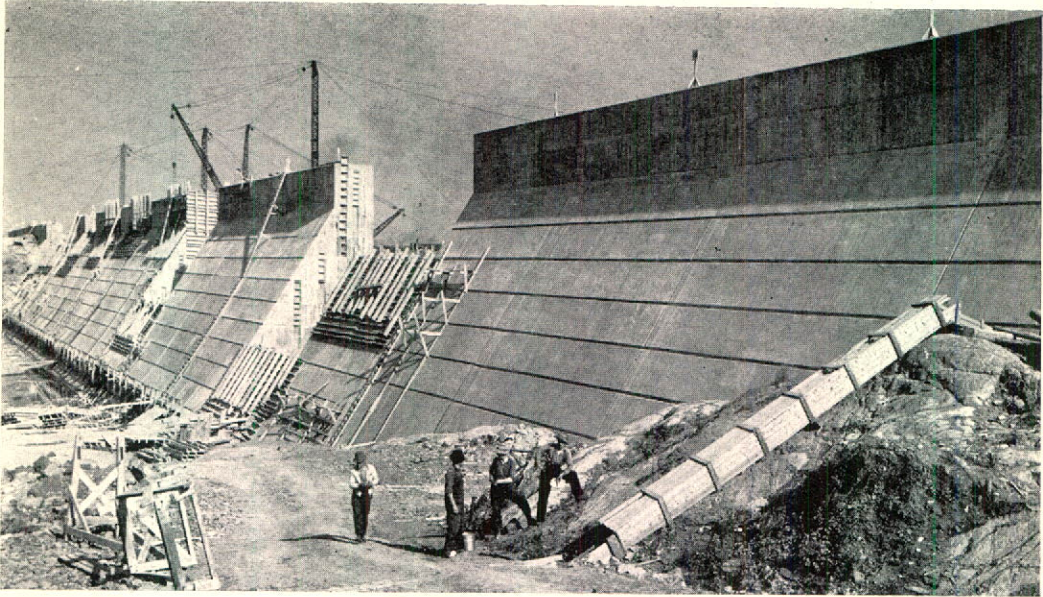
ONE MILLION TWO HUNDRED THOUSAND HORSE POWER
FROM THE SAGUENAY.—SHIPSHAW POWER HOUSE

Annual Report
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FOR THE YEAR ENDING
DECEMBER 31, 1943

THE FOUNDATION COMPANY OF CANADA LIMITED



Courtesy Aluminum Company of Canada Limited

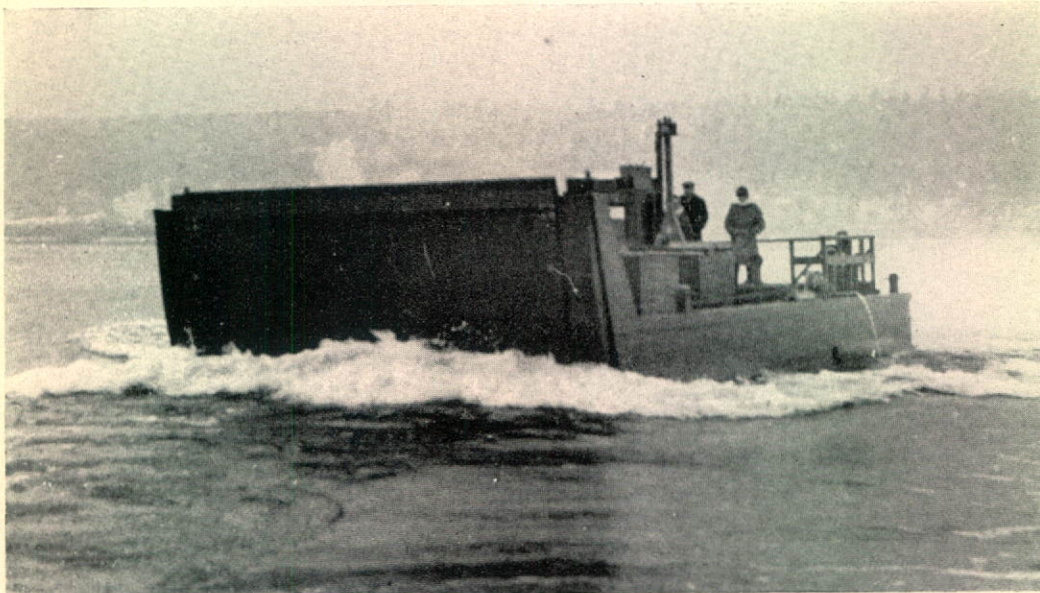
ONE OF SEVEN DAMS.—SHIPSHAW



Courtesy Beauharnois Light, Heat & Power Co.

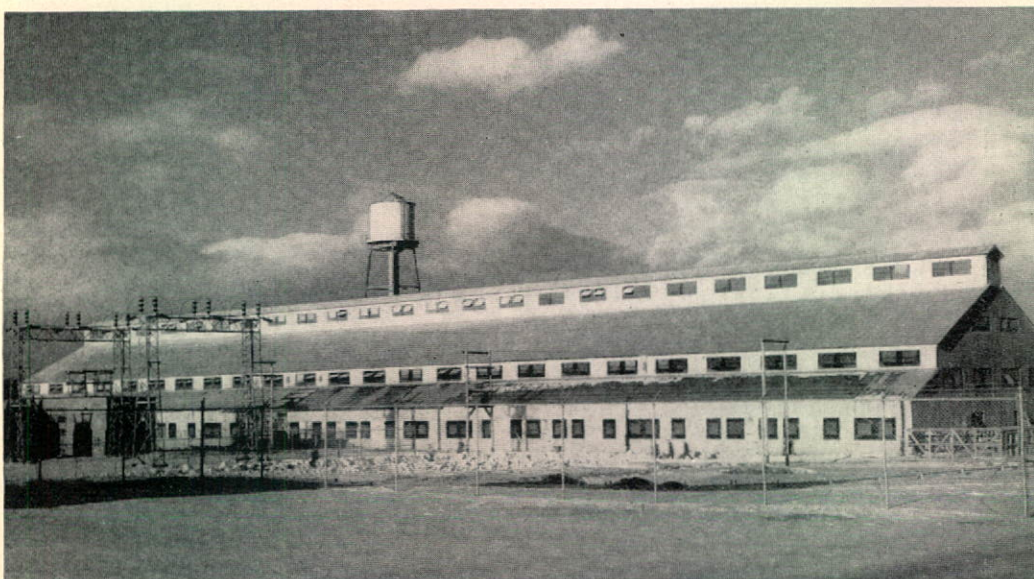
THE SEETHING CAULDRON.—DAMMING THE ST. LAWRENCE
BEAUHARNOIS

THE FOUNDATION COMPANY OF CANADA LIMITED



*Courtesy Royal Canadian Navy
Passed by Censor*

SEA TRIAL—TWIN SCREW CARGO LIGHTERS;
BRIDGEWATER PLANT



Dominion Magnesium Limited

MAGNESIUM TO LIGHT THE TARGET

THE FOUNDATION COMPANY OF CANADA LIMITED

MONTREAL, March 30, 1944.

TO THE SHAREHOLDERS OF
THE FOUNDATION COMPANY OF CANADA LIMITED.

FINANCIAL

The Annual Report for the year ending December 31, 1943, together with certified Balance Sheet and Surplus Account, is submitted herewith.

Operations show a net profit before Income and Excess Profits taxes of \$226,404 as compared with \$662,014 for the previous year. Shown separately, on account of its being of a non-recurring nature, is an item of \$95,004 profit realized from the sale of capital assets. The Surplus Account is further credited with a net amount of \$30,539 arising from adjustments related to the acquisition and sale of holdings in subsidiary companies of which the sum of \$20,000 appears in the Balance Sheet as a Capital Surplus.

A new item appears in your Company's Profit and Loss statement in an item of \$119,514 appropriated for the purchase of past-service retirement annuities. On October 1, 1943, your Company inaugurated a Retirement Annuity Plan for certain classes of its employees and entered into a contract with the Annuities Branch of the Department of Labour of the Dominion of Canada, which will provide a maximum pension of \$1,200.00 per annum for any one employee. To provide for some five of the older employees with long past service, a small additional annuity was purchased from the Sun Life Assurance Company.

The Balance Sheet shows an increase of \$343,788 in your Company's investment in land and buildings and of \$86,178 in investment in plant and equipment and a decrease of \$130,745 in marine equipment. As regards land and buildings, the increase is brought about by the construction of a new plant at Bridgewater, Nova Scotia, for the building of cargo lighters, by improvements to your Company's wharfage and warehousing facilities and workshops at Halifax and by the construction of an additional building in your Company's storage yard at Toronto. The increase with respect to plant and equipment is accounted for largely by what might be described as routine modernization. It is more than offset by normal depreciation written off and profit realized on sales of obsolete assets of the same class. The decrease in investment in marine equipment is brought about by the disposal of two units of your Company's fleet, less the cost of building one new derrick boat and the purchase of two tugs previously operated under charter to your Company.

Net current assets as of December 31, 1943, are \$1,107,761 as compared with \$993,051 at the close of the previous fiscal year. Earned and Capital Surplus as of December 31, 1943, stands at \$1,285,893 as compared with \$1,276,167 as of December 31, 1942. Your Company has paid dividends during the year on its outstanding capital stock aggregating \$1.40 per share.

Depreciation has been written off your Company's buildings and equipment in general in accordance with its customary policy and at rates prescribed by Income Tax Department regulations and rulings, but certain expenditures made in connection with war services have been subject to special depreciation under orders of the War Contracts Depreciation Board.

THE FOUNDATION COMPANY OF CANADA LIMITED

CONSTRUCTION

It is the general feeling that the year 1943 witnessed the virtual completion of Canada's extensive wartime construction programme and the transition from building to operation.

Your Company may justly take pride in having completed and put into commercial operation on the scheduled date, at the close of the year, the Shipshaw Development of the Aluminum Company of Canada Ltd., believed to be in power output the world's largest generating station and which, to the credit of its designers and the builders of its hydraulic and electrical equipment, is reputed to be the world's most efficient hydro-electrical installation. Hansard reports the Minister of Munitions and Supply, speaking in the House of Commons on February 21, 1944, as having stated—

"The construction of the Shipshaw Canal and Power House in about eighteen months, as compared with a normal construction rate of three years for such a work, was an extraordinarily fine accomplishment. In the opinion of the Power Controller of Canada it was the greatest contribution made by this Country to the war effort."

Your Company may also take pride in the part it has played in the construction of both new plants and additions to existing plants for the production of the two light-weight metals, magnesium and aluminum, required in such vast quantities for munitions of war and for the construction of aeroplanes. The smelting of magnesium is a new industry to Canada and it is a source of satisfaction to your Officers that your Company was selected to build and install the equipment in the only plant in this Country producing metallic magnesium on a commercial basis.

Amongst other projects successfully executed by your Company's construction forces during the past year, or now under construction, might be mentioned plants for the production of such varied articles as aeroplane parts, railway rolling stock, refined copper, ships, electrical appliances, small arms, cans, abrasives, steel castings, drugs, rayon and pulp. In addition to the foregoing, your Company has also had a considerable volume of construction business in one of His Majesty's Canadian Dockyards and further work in the way of terminal facilities on the Atlantic Seaboard.

Profits in the construction industry have been meagre due, doubtless, in part to increased competition following a falling-off in the volume of new business available and also to increased overhead resulting from the necessary wartime controls of both labour and materials.

SHIPBUILDING

Your Company has, since its inception, been to some extent a designer and builder of barges, principally for its own account. With the outbreak of war, its activities in this connection were greatly increased.

During 1941 your Company undertook a contract for the construction of 100 cargo lighters, all of which were delivered during that and the following year. This was followed early in 1943 by a contract for the construction of a further considerable number of twin-screw cargo lighters for which an entirely new plant was constructed at Bridgewater, Nova Scotia, and brought into production during the year.

In the summer of 1942 your Company assumed the management of the Government-owned shipyard at Pictou, Nova Scotia, and entered into a contract for the building of ocean-going freighters. The facilities of the Pictou Yard were augmented by your Company's engineering and construction forces to meet the demands of the proposed

THE FOUNDATION COMPANY OF CANADA LIMITED

programme and the Yard was brought into full production early in 1943 and ships bearing the name plate of Foundation Maritime Limited, as builders, are now serving in both the Atlantic and the Pacific.

Since the commencement of the present war, your Company has completed, in plants under its management or through subcontractors, a total of 400 barges and ships of various types. It is not permissible to describe these in detail but it is of interest to note that 100 were tow barges without engines, three however being equipped with considerable machinery, and 297 were self-propelled.

MARINE SALVAGE

With the virtual cessation of enemy action in the waters served by your Company's salvage vessels, the number of calls for salvage services have materially diminished. This has enabled your Company to assign salvage ships and personnel to two new stations. It has also enabled your Company to assign additional equipment and personnel to the salvage of cargo from ships sunk or otherwise abandoned as constructive total losses.

Your Company dealt with casualties totalling 77,810 tons during the year 1943, including two ships capsized and sunk entailing both rolling and refloating.

At the request of the Government, your Company built and put into service during the year one additional derrick boat which was named "Foundation Shipshaw" and was designed especially to deal with cargoes in exposed waters and is sufficiently powerful to deal with the heaviest types of tanks.

During the year your Company purchased the salvage tug "Security" of New York which had formerly been operated by Foundation Maritime Limited under charter and special permit. The "Security" was renamed "Foundation Security" and transferred to British Registry at St. John's, Newfoundland.

Your Company completed, during the year 1943, quite extensive improvements and additions to its warehouses and workshops at Halifax, designed primarily to reduce fire hazard, having regard to the value of salvaged materials handled and the difficulty of replacement of certain classes of stores and equipment if lost. Your Company now has its own fire-fighting services which can operate quite independently of the municipal water and power services.

During the year your Company purchased an additional water lot at Halifax and built on this a new wharf replacing one previously used by it under lease and which had partially collapsed. This now gives your Company three wharves assigned to tug, salvage and derrick-boat business respectively.

HALIFAX DOCKING

The year has been one of continued activity in your Company's tugboat and docking business in Halifax, despite certain services formerly handled by it having now been taken over by Naval units.

Your Officers have been faced with many difficulties in their endeavours to maintain their customary high standard of service in Halifax. The build-up of your Company's fleet of tugs to meet the demands of war has of necessity been made by the acquisition of boats of considerable age; no others were available except at prohibitive prices. The

THE FOUNDATION COMPANY OF CANADA LIMITED

result is an abnormal percentage of lay-up time for repairs to working time, aggravated by the transfer to the British Government of two of the best units of your fleet to meet a demand during a critical period. Your Company's rates for tugboat service have until recently been fixed by the published tariff in effect at the time price ceilings were established. Quite recently your Company has been granted a moderate increase in rates but one still insufficient, in the opinion of your management, to meet the increased cost of operation.

SHIP REPAIRS

Your Company's workshops at Halifax have operated at capacity, limited under present conditions not by equipment but by the availability of skilled mechanics. During the summer months it is usual for your Company's ship-repair facilities to be wholly engaged on maintenance work on the Company's fleet of tugs, salvage ships and derrick boats. During the winter your Company's shops are normally engaged on work for naval or for merchant ships. The year 1943 has followed this normal trend.

SUBSIDIARIES

Your Company has disposed of its entire holdings in the stock of The Preload Company of Canada Limited.

STAFF

Your Directors take this opportunity of recording honours conferred on three members of your Company's staff.

To Flying Officer James Greenshields, R.C.A.F., formerly of the Purchasing Department of the Montreal Office, the Distinguished Flying Medal. The following is a quotation from a letter from the Hon. the Minister of National Defence for Air to F. O. Greenshield's parents:—

"...all ranks of the Royal Canadian Air Force join with me in warmly congratulating you and the members of your family on the honour and distinction which have come to your son, Pilot Officer James Greenshields, D.F.M., through the award of the Distinguished Flying Medal, prior to his having been appointed to a commission, for great gallantry in the performance of his duty while serving with No. 70 Squadron of the Royal Air Force."

E. M. Woolcombe, B.Sc., Lieutenant Commander (Retired) R.C.N.V.R., General Manager, Foundation Maritime Limited, created a Member of the Order of the British Empire (Civil Division).

Reginald Featherstone, Master Mariner, Salvage Officer, Foundation Maritime Limited, created a Member of the Order of the British Empire (Civil Division.)

Your Directors take this opportunity of thanking the members of the Staff, irrespective of whether their remuneration is computed on a monthly, weekly, daily or hourly basis, for their loyal co-operation and unfailing efforts during the past year. It is a source of satisfaction to your Directors to report that your Company has been free from any dispute with or between any groups of its members. The relations between those charged with the direction of the Company's operations and those charged with the direction of the affairs of the various labour organizations to which the different trades owe allegiance have been exceedingly harmonious and friendly.

R. E. CHADWICK, M.E.I.C.,
President.

THE FOUNDATION COMPANIES

CONSOLIDATED BALANCE SHEET

ASSETS

CAPITAL ASSETS AT COST:

Land and Buildings.....	\$ 786,776.56	
Plant and Equipment.....	1,090,858.90	
Marine Equipment.....	936,116.57	
Furniture and Fixtures.....	35,423.36	
Automobiles and Trucks.....	8,704.23	
	\$2,857,879.62	
Goodwill.....	1.00	
		\$2,857,880.62

SUBSIDIARY COMPANY NOT CONSOLIDATED:

Investment.....	\$ 1,000.00	
Advances.....	542.59	
		1,542.59

CURRENT AND WORKING ASSETS:

Cash in Banks and on Hand.....	\$ 795,326.75	
Investment in Dominion Government Bonds, at cost, whereof \$400,000 deposited as col- lateral for Bank Loans.....	\$434,431.25	
(Quoted value \$433,675.00)		
Accrued Interest on Bonds.....	2,387.50	
		436,818.75
Accounts Receivable.....	1,499,367.13	
Deposits on Contracts.....	5,320.00	
Investments in Uncompleted Contracts at cost.....	177,446.32	
Tools and Supplies on hand, valued by the Management at the lower of cost or market prices.....	48,201.16	
		2,962,480.11
REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra).....		45,399.35
DEFERRED CHARGES TO OPERATIONS.....		77,164.58
		<u>\$5,944,467.25</u>

Approved on behalf of the Board:

R. E. CHADWICK, Director.
V. M. DRURY, Director.

SHEET, DECEMBER 31, 1943

LIABILITIES

CAPITAL STOCK:

Authorized—150,000 Common Shares of No Par Value	
Issued — 84,600 Common Shares of No Par Value.....	\$ 710,000.00

CAPITAL SURPLUS:

Arising from the purchase, redemption and cancellation of the Preferred Stock of a Subsidiary Company.....	20,000.00
--	-----------

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$1,250,876.19
Dividend declared payable January 21, 1944.....	29,610.00
Income, Excess Profits and Other Taxes, less amounts paid on account.....	74,232.59
Bank Loans.....	500,000.00
	<u>1,854,718.78</u>

RESERVES:

Depreciation.....	\$1,891,622.29
Uncompleted Contracts.....	79,123.95
Guarantee Reserve Fund.....	42,466.79
Fire and Marine Insurance.....	35,243.09
	<u>2,048,456.12</u>

REFUNDABLE PORTION OF EXCESS PROFITS TAX (Contra).	45,399.35
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EARNED SURPLUS:

As per statement attached.....	1,265,893.00
	<u>\$5,944,467.25</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of The Foundation Company of Canada Limited and its Wholly Owned Subsidiary Companies for the year ending December 31, 1943 (with the exception of Maritime Towing and Salvage Limited, the Balance Sheet of which was certified by other Chartered Accountants) and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Consolidated Balance Sheet at December 31, 1943, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of The Foundation Company of Canada Limited and its Wholly Owned Canadian Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies examined by us and the certified accounts above mentioned.

In accordance with Section 114 of the Companies Act, 1934, we report that, in respect of the subsidiary company, not consolidated, the profit made during the period has not been taken up in the above mentioned accounts, but is carried forward in the accounts of the subsidiary company.

PRICE, WATERHOUSE & CO., Auditors.

MONTREAL, March 27, 1944.

THE FOUNDATION COMPANY OF CANADA LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1943

Operating Profit for the year ending December 31, 1943, before taking into account the items shown below		\$ 815,212.26
ADD: Interest on Bonds, etc.		4,072.38
		<u>\$ 819,284.64</u>
DEDUCT:		
Executive Officers' Remuneration	\$ 93,087.87	
Directors' Fees	6,776.00	
Legal Expenses	2,695.91	
Loss on sale of Bonds	713.12	
Provision for Depreciation (including Special Deprecia- tion on capital expenditure re War Contracts)	489,608.20	
		<u>592,881.10</u>
Profit before providing for Income and Excess Profits Taxes		\$ 226,403.54
Provision for Income and Excess Profits Taxes		103,986.33
		<u>\$ 122,417.21</u>
Balance of Profit		\$ 122,417.21
Dividends paid to minority holders of Preferred Stock (since redeemed) of a Subsidiary Company		280.00
		<u>\$ 122,137.21</u>
Net Profit for the year ending December 31, 1943 .		\$ 122,137.21

EARNED SURPLUS:

Surplus at December 31, 1942	\$1,276,167.15
ADD: Adjustments related to the acquisition and sale of holdings in Subsidiary Companies	32,538.74
	<u>\$1,308,705.89</u>
Surplus at December 31, 1942 (as adjusted)	\$1,308,705.89
ADD: Profit from disposal of Capital Assets in 1943	95,004.03
	<u>\$1,403,709.92</u>
Together	\$1,403,709.92

DEDUCT:

Dividends paid	\$118,440.00	
Transferred to Capital Surplus—attri- buted value of Preferred Stock of a Subsidiary Company, purchased, redeemed and cancelled	20,000.00	
Premium paid thereon	2,000.00	
Appropriation for the purchase of past service retirement annuities under the Company's Retirement Annuity Plan	119,514.13	
	<u>259,954.13</u>	1,143,755.79
Earned Surplus at December 31, 1943		<u><u>\$1,265,893.00</u></u>

THE FOUNDATION COMPANY OF CANADA LIMITED

BOARD OF DIRECTORS

W. F. ANGUS	WILLIAM HARTY
D. A. CAMPBELL	LAWRENCE MACFARLANE, K.C.
R. E. CHADWICK	G. McG. MITCHELL
V. M. DRURY	F. G. RUTLEY

OFFICERS

R. E. CHADWICK	- - - - -	President
V. M. DRURY	- - - - -	Vice-President
F. G. RUTLEY	- - - - -	Vice-President
V. G. YOUNGHUSBAND	- - - - -	Vice-President
C. E. GREARSON	- - - - -	Secretary-Treasurer
H. C. LINK	- - - - -	Asst. Secretary-Treasurer

HEAD OFFICE

1538 SHERBROOKE STREET WEST
MONTREAL

THE FOUNDATION COMPANY OF CANADA LIMITED



Courtesy Star Newspaper Service



Courtesy National Film Board

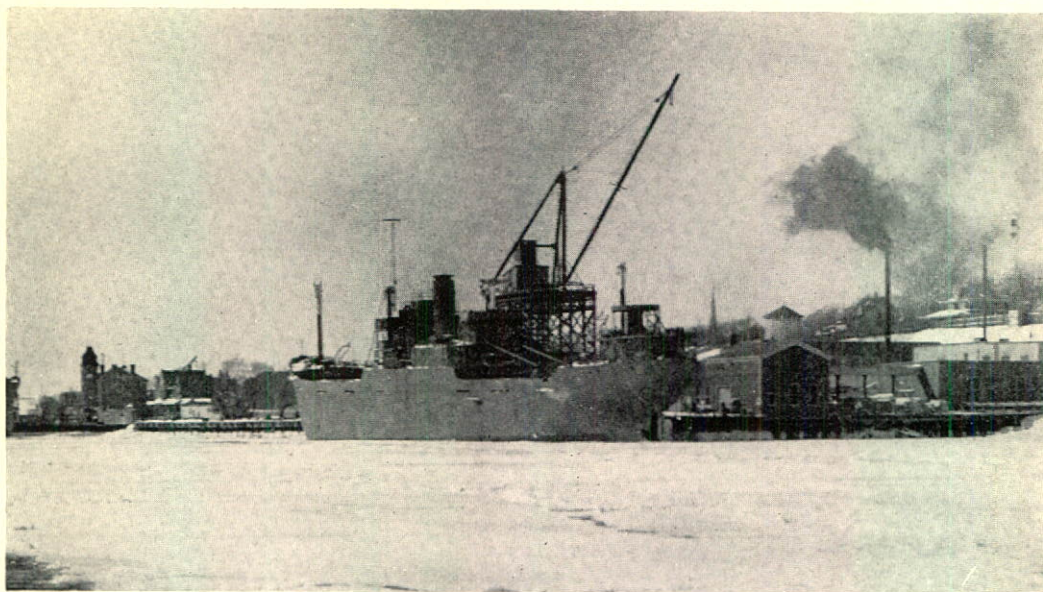
FAIR SHIPBUILDERS



Courtesy Canada Steamship Lines Limited

INTERLUDE TO WAR—TADOUSSAC HOTEL
DAVID SHENNAN, F.R.A.I.C., ARCHITECT

THE FOUNDATION COMPANY OF CANADA LIMITED



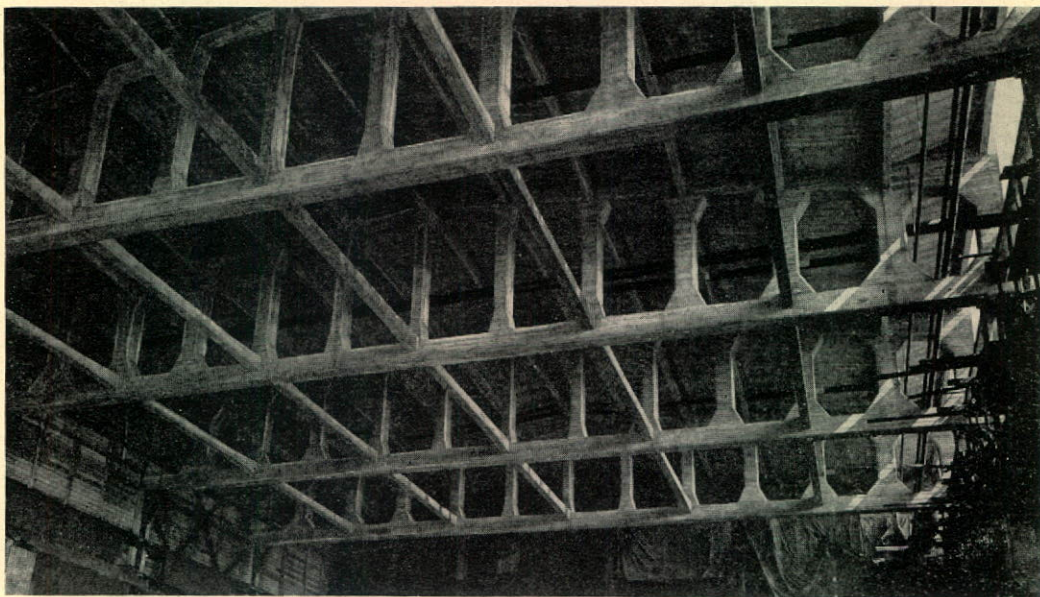
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AWAITING SPRING DELIVERY.—PICTOU SHIPYARD

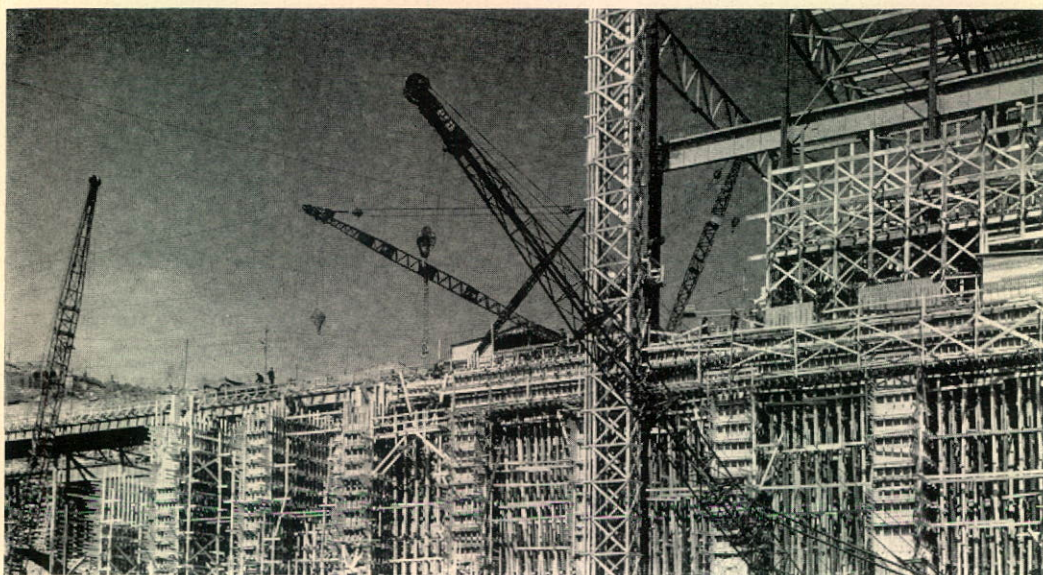


AN ERECTION AISLE.—BRIDGEWATER PLANT, FOUNDATION MARITIME

THE FOUNDATION COMPANY OF CANADA LIMITED



CONCRETE ROOF TRUSSES.—CANADIAN CAR & FOUNDRY CO. LIMITED



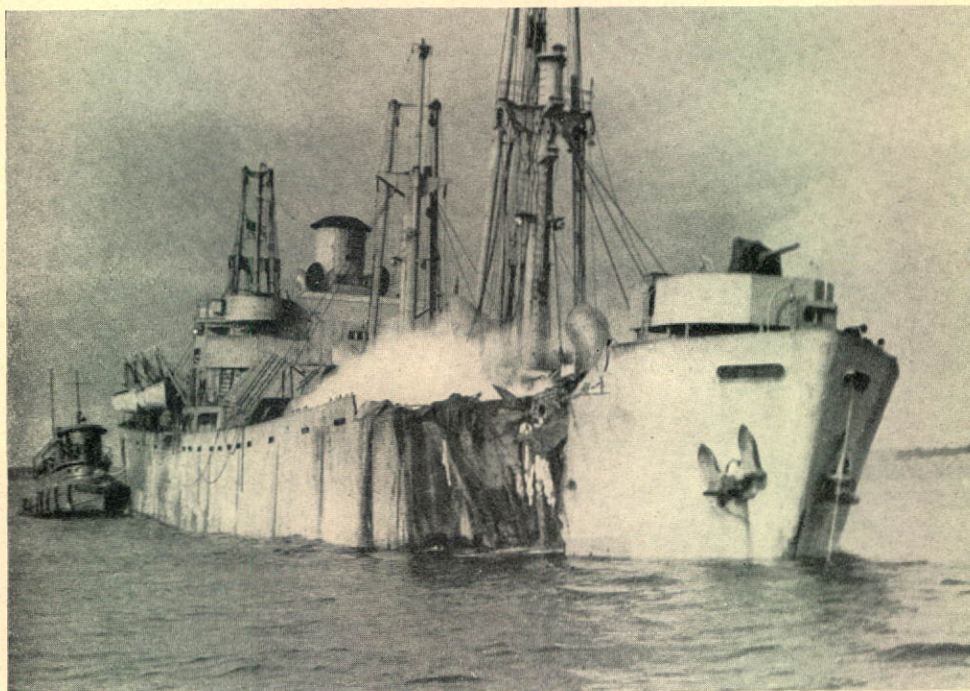
A STUDY IN WOOD.—FORMWORK; SHIPSHAW POWER HOUSE

THE FOUNDATION COMPANY OF CANADA LIMITED



A NEAR MISS.—SALVAGE DIVISION; FOUNDATION MARITIME

THE FOUNDATION COMPANY OF CANADA LIMITED



IN COLLISION, BUT NOT LOST.—
FOUNDATION MARITIME SALVAGE DIVISION

It has been the custom of The Foundation Company of Canada Limited to publish from time to time a booklet illustrating and describing its work. Owing to the need of the conservation of paper, it has been deemed advisable to omit the booklet this year and to include in the report to shareholders a few pictures of the Company's recent work, so that the report may serve a dual purpose.

